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Producers 88-198(R) Texas Paid-Up (2/93)

#### OIL, GAS AND MINERAL LEASE (PAID-UP LEASE)

THIS AGREEMENT made this 14th  Jack A. Otteson aka Jack Otteson and Delena H. O	tteson aka Delena Otteson, husband and wife	, 20 <u>09</u> , between
Benbrook, Texas 76126	, Lessor (whether one or more) whose address is	9124 Dove Court
P.O. Box 450, Decatur, Texas 76234	Devon Energy Production Company, L.P.	, Lessee; whose address is
1. Lessor in consideration of Ten or more Dollars, in hand paid, of the royalties herein provided, and of the agreement of Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee the lands subject hereto for the purpose of investigating, exploring, prospecting, drilling and mining for and producing oil, gas (including all gases, liquid hydrocarbons and their respective constituent elements) and all other minerals, (whether or not similar to those mentioned) and the exclusive right to conduct exploration, geologic and geophysical tests and surveys, injecting gas, water and other fluids and air into subsurface strata, establishing and utilizing facilities for the disposition of salt water, laying pipelines, housing its employees and building roads, tanks, power stations, telephone lines and other structures thereon to produce, save, take care of, treat, transport, and own said products; which lands are located in Tarrant  County, Texas, and described as follows:		

See Exhibit "A" attached hereto and made a part hereof for the description of lands in Tarrant County, Texas and for additional terms and conditions which are a part of this lease.

This lease also covers and includes all land owned or claimed by Lessor adjacent or contiguous to the land particularly described above, whether the same be in said survey or in adjacent surveys, although not included within the boundaries of the land particularly described above. The land covered by this lease shall be hereinafter referred to as said Land. Lessor agrees to execute any lease amendment requested by Lessee for a more complete or accurate description of said Land and such amendment shall include words of present lease and grant. For the purpose of calculating any payments hereinafter provided for, said Land is estimated to comprise 1.39 acres, whether it actually comprises more or less until such time as

Lessee requests a lease amendment and same is filled of record.

2. Subject to the other provisions herein contained and without reference to the commencement, prosecution or cessation of operations and/or production at any time hereunder, this lease shall be for a term of three (3) years from this date (called "primary term") and as long thereafter as oil, gas, or other minerals is produced from or operations are conducted on said Land or land with which said Land is pooled hereunder. The word "operations" as used herein shall include but not be limited to any or the following; preparing drillsite location and/or access road, drilling, testing, completing, reworking, recompleting, deepening, plugging back or repairing of a well in search for or in an endeavor to obtain production of oil, gas or other minerals and any other actions conducted on said lands associated with or related thereto.

other actions conducted on said lands associated with or related thereto.

3. The royalties to be paid by Lessee are: (a) on oil delivered at the wells or into the pipeline to which the wells may be connected, one-eighth of the proceeds received from the sale of oil produced and saved from said Land; Lessee may from time to time purchase any royalty oil in its possession, paying the market price therefor prevailing for the field where produced on the date of purchase or Lessee may sell any royalty oil in its possession and pay Lessor the price received by the Lessee for such oil computed at the well; Lessor's interest shall bear one-eighth of the cost of treating the oil to render it marketable pipeline oil or, if there is no available pipeline, Lessor's interest shall bear one-eighth of the cost of all trucking charges; (b) on gas, including all gases, processed liquid hydrocarbons associated therewith and any other respective constituent elements, casinghead gas or other gaseous substance, produced from said Land and sold or used off the premises or for the extraction of gasoline or other product therefrom, the market value at the well of one-eighth of the gas so sold or used provided the market value shall not exceed the amount received by Lessee for such gas computed at the mouth of the well, and provided further on gas sold at the wells the royalty shall be one-eighth of the net proceeds received from such sale, it being understood that Lessor's interest shall bear one-eighth of the cost of all compression, treating, dehydrating and transporting costs incurred in marketing the gas so sold at the wells; (c) on all other minerals mined and marketed, one-tenth either in kind or value at the well or mine, at Lessee's election. Any royalty interests, including, without limitation, non-participating royalty interests, in said Land, whether or not owned by Lessor and whether or not effectively pooled by Lessee pursuant to the provisions hereof, shall be paid from the royalty set forth herein. Lessee shall have fr

Lessee shall pay or tender as shut-in royalty to Lessor, or tender for deposit to the credit of Lessor in the At Lessor's address listed above

(which bank and its successors are Lessors agent and shall continue as the depository bank for all shut-in royalty payments hereunder regardless of changes in ownership of said land or shut-in royalty payments) a sum determined by multiplying one dollar (\$1.00) per acre for each acre then covered by this lease, provided however, in the event said well is located on a unit comprised of all or a portion of said Land and other land or leases a sum determined by multiplying one dollar (\$1.00) per acre for each acre of said Land included in such unit on which said shut-in well is located. If such bank (or any successor bank) should fail, liquidate, or be succeeded by another bank or for any reason each acre of said Land included in such unit on which said shut-in well is located. If such bank (or any successor bank) should fail, liquidate, or be succeeded by another bank or for any reason fail or refuse to accept such payment, Lessee shall re-tender such payment within thirty (30) days following receipt from Lessor of a proper recordable instrument naming another bank as agent to receive such payment or tenders. Such shut-in royalty payment shall be due on or before the expiration of ninety (90) days after (a) the expiration of the primary term, or (b) the date of completion of such well, or (c) the date on which oil or gas ceases to be sold or used, or (d) the date this lease is included in a unit on which a well has been previously completed and shut-in or (e) the date the lease ceases to be otherwise maintained, whichever be the later date. It is understood and agreed that no shut-in royalty payments shall be due during the primary term. In like manner and upon like payments or tenders on or before the next ensuing anniversary of the due date for said payment, the Lessee shall continue to pay such shut-in royalty for successive periods of one (1) year each until such time as this lease is maintained by production or operations. However, if actual production commences within the applicable 90 day period, a shut-in royalty payment shall not be required or, if a shut-in royalty payment is tendered, no additional shut-in payment will be due until the next ensuing anniversary of the due date for said tendered payment regardless of how many times actual production may be commenced and shut-in during such one (1) year period. Lessee's failure to pay or tender or to property or timely pay or tender any such sum as shut-in royalty shall render Lessee liable for the amount due but it shall not operate to terminate this lease. Lessee agrees to use reasonable diligence to produce, utilize or market the minerals capable of being produced from said wells, but in the exercise of such diligence, Lessee agrees to use

selessee may elect.

5. (a) Lessee shall have the right and power in its discretion to pool or combine, as to any one or more strata or formations, said Land or any portion of said Land with other land covered by this lease or with other land, lease or leases in the vicinity thereof. The above right and power to pool and unitize may be exercised with respect to oil, gas or other minerals, or any one or more of said substances, and may be exercised at any time and from time to time during or after the primary term, and before or after a well has been drilled, or while a well is being drilled. Pooling in one or more instances shall not exhaust the rights of Lessee to pool said Land or portions thereof into other units. Units formed by pooling as to any stratum or strata need not conform in size or area with units as to any other stratum or strata, and oil units need not conform as to area with gas units. Units formed by pooling as to any stratum or strata need not conform in size or area with units as to any other stratum or strata, and oil units need not conform as to area with gas units. Units formed by pooling as to any stratum or strata need not conform as to area with gas units. Units formed by pooling as to any stratum or strata need not conform as to area with gas units. Units formed by pooling as to any stratum or strata need not conform as to area with gas units. Units formed by pooling as to any stratum or strata need or permitted by governmental regulations. The pooling for gas bereunder shall not substantially exceed in area 640 acres each, plus a tolerance of 10% thereof, provided that should governmental authority having jurisdiction prescribe or permit the creation of units larger than those specified, units thereafter created may conform substantially in size with those prescribed or permitted by governmental regulations. The pooling for gas bereunder by Lessee shall also pool and unitize all associated liquid hydrocarbons and any other respective constituent as exceptions. The pooling of the pool

such unit and used in the operations thereof or thereon shall be excluded in calculating said royalty. Lessee may vacate any unit formed by it hereunder by instrument in writing filed for record in said country at any time when there is no unitized substance being produced from such unit. If this lease now or hereafter covers separate tracts, no pooling or unitization of royalty interests as between any such separate tracts is intended or shall be implied or result merely from the inclusion of such separate tracts within this lease but Lessee shall nevertheless have the right to pool

- as between any such separate tracts is intended or shall be implied or result merely from the inclusion of such separate tracts within this lease but Lessee shall nevertheless have the right to pool or unitize as provided in this paragraph 5 with consequent allocation of production as herein provided. As used in this paragraph 5, the words "separate tract" mean any tract with royalty ownership differing, now or hereafter, either as to parties or amounts, from that as to any other part of said Land.

  (b) Lessee at any time and from time to time during the life of this lease shall have the right and power as to all or any part or formation or strata of the land herein leased, without Lessor's joinder, to unitize the same with other lands, formations, strata or leases covering lands in the same general area as the leased premises by combining the leasehold estate and Lessor's royalty estate created by this lease with any other lease or leases, royalty or mineral estate in and under any other tract or tracts of land, regardless of the ownership thereof, so as to create by the combination of such interests or any of them one or more unitized areas of such size and shape as determined by Lessee to be developed and operated by secondary or tertiary methods as though such lands and interest were all included within the terms hereof and constituted a single oil, gas and mineral lease. All such production from such unitized area shall be divided or allocated among the various tracts comprising such unitized area based on a formula derived from parameters utilized by Lessee and incorporated in a unitization agreement approved by the Railroad Commission of Texas. The unitization agreement shall include other provisions designed to allow for operations of the unitized area in an orderly manner and Lessor hereby agrees that all provisions contained therein shall be binding on Lessor provided such unitization agreement is approved by the Railroad Commission of Texas or other Governmental Agencies having jurisdiction over such
- 6. Lessee may at any time or times execute and deliver to Lessor or to the depository above named or place of record, a release or releases covering any portion of said Land and/or portions of subsurface strata or stratum and thereby surrender this lease as to such portion and/or portion of subsurface strata or stratum and be relieved of all obligations as to the acreage, strata or stratum surrendered. Lessee shall retain rights of ingress and egress across and through any released portion and/or strata of the lease in order to have necessary access to that portion and/or strata of the lease of premises which remains in force and on which Lessee continues to conduct operations.
- or stratum surrendered. Lessee shall retain rights of ingress and egress across and through any released portion and/or strata of the leased premises which remains in force and on which Lessee continues to conduct operations.

  7. If, at any time or times after the expiration of the primary term, operations or production of oil, gas or other minerals on said Land or on acreage pooled therewith should cease from any cause and this lease is not then being otherwise maintained, this lease shall not terminate if Lessee commences or resumes operations within ninety (90) days thereafter and continues such operations or commences any other operations with no cessation of operations of more than ninety (90) consecutive days, and if such operation or other operations result in the production of oil, gas or other minerals is produced from said Land or acreage pooled therewith. It is understood and agreed that if, during the primary term hereof. If, at the expiration of production ceases on said Land or leases pooled therewith, this lease shall nevertheless remain in full force and effect during the paid-up primary term hereof. If, at the expiration of the primary term, oil, gas or other minerals is not being produced on said Land or on acreage pooled therewith and there are no operations on said Land or on acreage pooled therewith but operations or production ceased within 90 days of the expiration of the primary term, this lease shall nevertheless remain in full force and effect during the paid-up primary term hereof. If, at the expiration of production or operations. If after the expiration of the primary term, this lease shall nevertheless remain in full force are no operations on said Land and which other land and all or a portion of production or operations. If after the expiration of the primary term, the sease shall remain in increase popoled therewith but operations or production of operations of the primary term, the sease that remain in force so long as operations on said Land has been included in a gas unit tha
- 8. Lessee shall have the right, at any time during or after the expiration of this lease, to remove all property and fixtures placed by Lessee on said Land, including the right to draw and remove all casing. Upon Lessor's request and when reasonably necessary for utilization of the surface for some intended use by the Lessor, Lessee will bury all pipelines below ordinary plow depth. No well shall be drilled within two hundred (200) feet of any residence or barn now on said Land without Lessor's consent.
- 9. The rights of either party hereunder may be assigned in whole or in part, and the provisions hereof shall extend to their heirs, successors and assigns; but no change or division in such ownership of said Land or royalties, however accomplished, shall operate to enlarge the obligation or diminish the right of Lessee, and no change or division in such ownership shall be binding on Lessee until thirty (30) days after Lessee shall have been furnished, by registered U. S. mail at Lessee's principal place of business, with a certified copy of recorded instrument or instruments evidencing same or evidence satisfactory to Lessee. If any such change in ownership occurs by reason of the death of the owner, Lessee may nevertheless, pay or tender royalties, or part thereof, to the credit of the decedent in a depository bank provided for above. In the event of assignment hereof in whole or in part, liability for breach of any obligation hereunder shall rest exclusively upon the owner of this lease or of a portion thereof who commits such breach. If six or more parties become entitled to royalty hereunder, Lessee may withhold payment thereof units and until furnished with a recordable instrument, executed by all such parties, designating an agent to precise payment for sell.
- or part thereof, to the credit of the decedent in a depository bank provided for above. In the event of assignment hereof in whole or in part, liability for breach of any obligation hereunder shall rest exclusively upon the owner of this lease or of a portion thereof who commits such breach. If six or more parties become entitled to royalty hereunder, Lessee may withhold payment thereof unless and until furnished with a recordable instrument, executed by all such parties, degianting an agent to receive payment for all.

  10. The breach by Lessee of any obligation arising hereunder shall not work a forfeiture or termination of this lease, no cause a termination or reversion of the estate created hereby, nor be grounds for cancellation hereof in whole or in part. In the event Lessor considers that operations are not at any time being conducted in compliance with this lease, Lesser shall notify the production of this lease of any obligation hereunder with the obligations imposed by virtue of this instrument. The service of said notice shall be precedent to the bringing of any action by Lessor on said lease for any cause, and no such action shall be brought until the lapse of ninety (90) days after service of said notice shall be precedent to the bringing of any action by Lesser aimed to meet all or any of the alleged breaches shall be deemed an admission or presumption that Lessee has failed to perform all its obligations hereunder. After the discovery of oil, gas or other minerals in paying quantities on said premises, Lessee shall reasonably develop the acreage retained hereunder; but, in discharging this obligation, it shall in no event be required to drill more than one well per clighty (80) acres, plus an acreage tolerance not to exceed 10% of 640 acres, of the area retained hereunder and capable of producing oil in paying quantities.

  11. Lessor hereby warrants and agrees to defend the title to said Land and agrees that Lessee may withhold taxes with respect to royalty and other payments hereunder and remit t

- (c) All terms and conditions of this lease, whether express or implied, shall be subject to all Federal and State Laws, Executive Orders, Rules, or Regulations; and this lease shall ninated, in whole or in part, nor Lessee held liable in damages for failure to comply therewith, if compliance is prevented by, or if such failure is the result of, any such Law, Order,

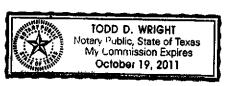
Rule or Regulation.

13. This lease states the entire contract between the parties, and no representation or promise, verbal or written, on behalf of either party shall be binding unless contained herein; and this lease shall be binding upon each party executing the same and their successors, heirs, and assigns, regardless of whether or not executed by all persons above named as "Lessor". IN WITNESS WHEREOF, this instrument is executed on the date first above written LESSOR LESSOR LESSOR LESSOR Texas STATE OF COUNTY OF Tarrant day of July, 2009 Jack A. Otteson aka Jack Otteson and This instrument was acknowledged before me on Delena H. Otteson aka Delena Otteson, husband and wife Notary Signature: 12047 TODD D. WRIGHT Texas Notary Public, State of

My Commission Expires:

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## **EXHIBIT "A"**

ATTACHED TO AND MADE A PART OF THAT CERTAIN OIL, GAS AND MINERAL LEASE DATED JULY 14, 2009, BY AND BETWEEN JACK A. OTTESON AKA JACK OTTESON AND DELENA H. OTTESON AKA DELENA OTTESON, HUSBAND AND WIFE, AS LESSOR AND DEVON ENERGY PRODUCTION COMPANY, L. P., AS LESSEE.

### LEGAL DESCRIPTION:

A tract of land containing 1.39 acres of land, more or less, in the James O. Quinn Survey, Abstract No. 1257, Tarrant County, Texas and being the same tract of land as described in that certain Warranty Deed with Vendor's Lien dated August 7, 1998, by and between Richard L. Blackwell, Wayne C. Wright, Robert L. Blackwell, acting by and through their duly authorized attorney-in-fact, Richard L. Blackwell, as Grantor and Jack A. Otteson and Delena Otteson, as Grantee, recorded in Volume 16337, at Page 376, of the Official Public Records of Tarrant County, Texas.

# **ADDITIONAL PROVISIONS:**

- 1. Notwithstanding anything contained in this lease to the contrary, wherever the fraction "one-eighth (1/8th)" appears in the printed portion of this lease the same is hereby amended to read "Twenty-Two Percent (22%)".
- 2. Notwithstanding anything to the contrary contained in the printed form to which this Exhibit is attached, it is understood and agreed between Lessor and Lessee, that there will be no operations for oil or gas development and/or production upon the surface of the above described land without the express written consent of Lessor; provided, only that Lessee shall have the right to drill under, or through, produce from and inject substances into the subsurface of the lands covered by this Lease, from wells which are located on lands pooled therewith, or which are located on other lands.
- 3. Lessee, its successors and assigns, agree to indemnify and hold harmless and defend Lessor, its successors and assigns, agents and employees from and against all suits, claims, demands and causes of action including attorney fees and court costs that may be at any time brought or made by any person, corporation or other entity including, but not limited to, employees of Lessee, arising out of or in any way connected with Lessee's activities and operations conducted pursuant to the terms of this lease. It is further agreed that if any suit, claim, demand or cause of action is brought or arises which is or might be covered by this indemnification provision, the party hereto who first receives notice thereof will immediately notify the other party hereto. It is understood, however, that this provision will not apply if the action is caused in whole or part by Lessor's negligence or Lessor's contributory negligence.
- Lessee covenants and agrees that it will not undertake any action or practice in the conduct of its operations pursuant to this lease that will cause, or fail to take any action that will prevent, pollution to the leased premises or adjacent land, underground aquifer, free-flowing streams, run off areas, and/or lakes. Lessee indemnifies and holds harmless Lessor from any action, claim, penalty, and fine imposed as a result of the actions of Lessee in its operations pursuant to this lease. and agrees to defend Lessor for any such claims. Lessee further covenants and agrees that it will remove all hazardous materials and fluids, and remediate the surface of the land as required by any and all directives of the Environment Protection Agency, state regulatory agencies, underground water district, lake authority and/or county regulations. Further, Lessee agrees that it will remain liable for, and defend Lessor against any and all claims for "clean-up" around and site by any governmental agency, regulatory body, or party should the same be imposed as a result of the action of Lessee pursuant to this lease, whether such claim is made during the term of this lease or after the lease terminates. It is understood, however, that this provision shall not apply if any such pollution is caused in whole or part by Lessor's negligence or Lessor's contributory negligence.

- 5. Notwithstanding the use of the words "mineral," "minerals," or "other minerals" in this lease covers and includes only oil, gas, casinghead gas, condensate, and other constituent substances that may be produced through the wellbore. This lease shall not cover coal and lignite, sand, gravel, clay, iron ore, uranium or any other fissionable material.
- This Lease is subject to Restrictions filed by Benbrook Venture recorded in Volume 6580, Page 996, Deed Records of Tarrant County, Texas, covering 72.312 acres of land out of the James O. Quinn Survey, Abstract No. 1257, Tarrant County, Texas, referenced to which is hereby made for all purposes.
- 7. Notwithstanding anything herein contained in the printed portion of this lease to the contrary, in the event Lessee, his heirs or assigns, exercises his right to pool or unitize this lease and the land covered hereby for gas with other lands and/or leases as provided in Paragraph 5 contained in the printed form, all and not part\_of this lease shall be unitized in any gas unit so formed.

SIGNED FOR IDENTIFICATION:

Delena H. Otteson